

**Fiscal Year  
2012  
&  
Outlook  
2013**



# ■ Agenda

Ralph Dommermuth    25 years of United Internet  
Company development 2012  
Outlook 2013

Norbert Lang            Results 2012

**25 years of  
United Internet**

## ■ 25 years of United Internet

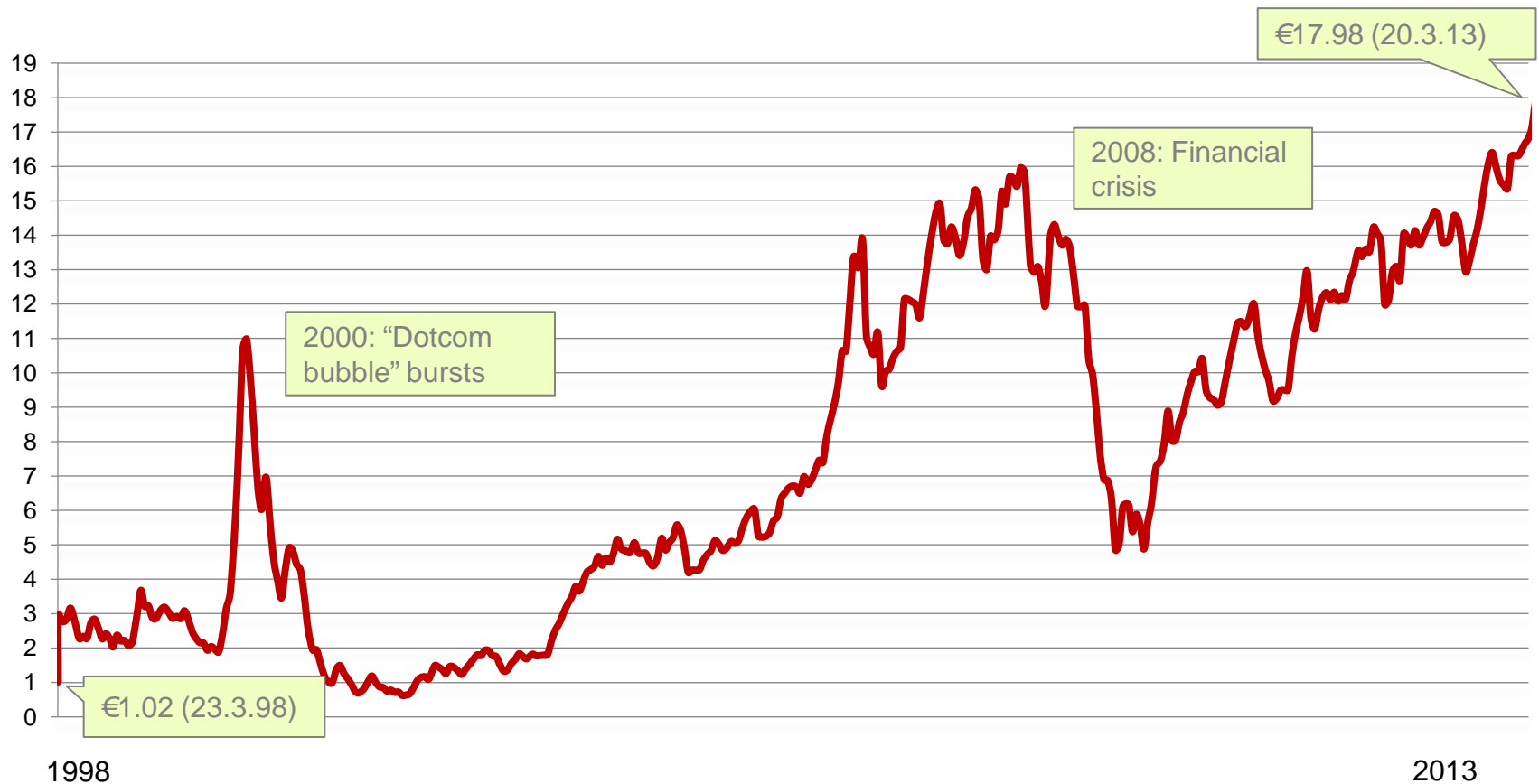


Ralph Dommermuth founded 1&1 Marketing GmbH in 1988.

Advertising entrepreneur Wendelin Abresch is joint shareholder.

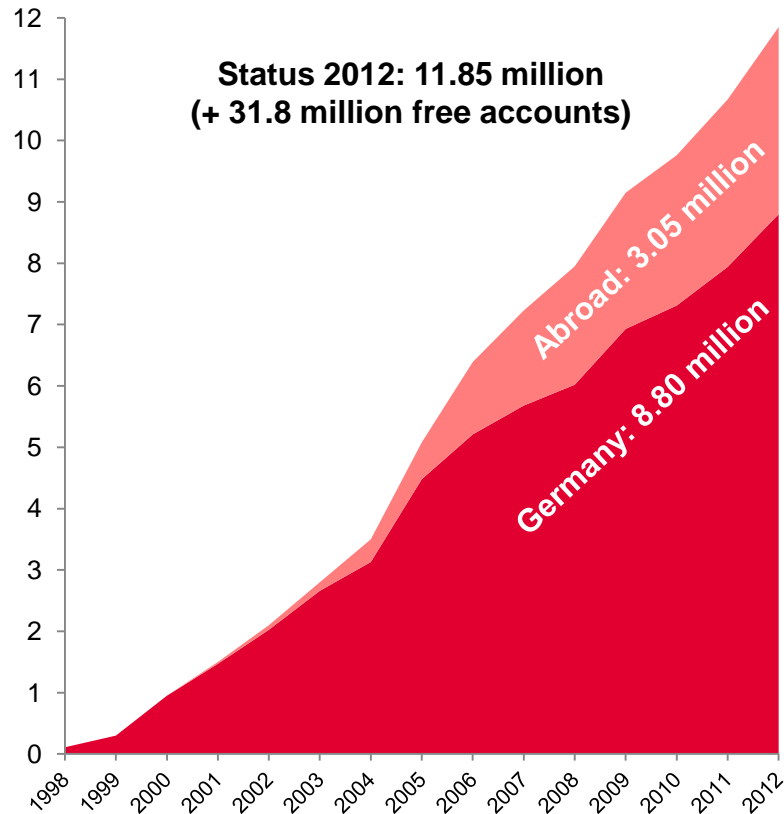
## ■ 15 years on the stock exchange

- IPO on March 23, 1998 at €1.02 per share
- The share price has since grown by a factor of nearly eighteen.

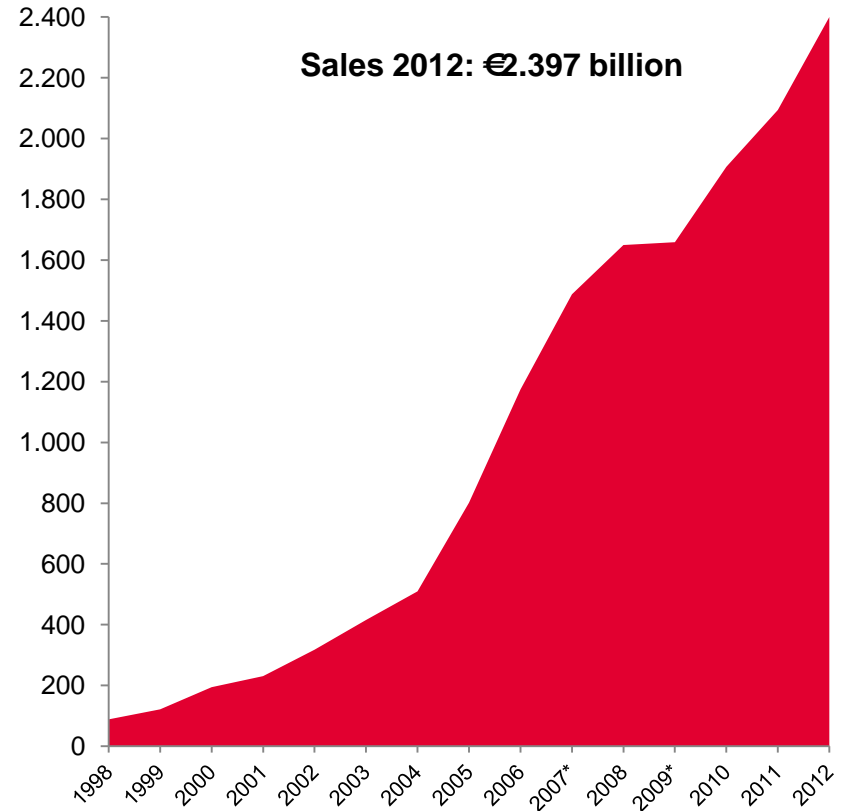


## ■ Continuous growth of customer figures and sales

**Customer contracts**  
(in million)

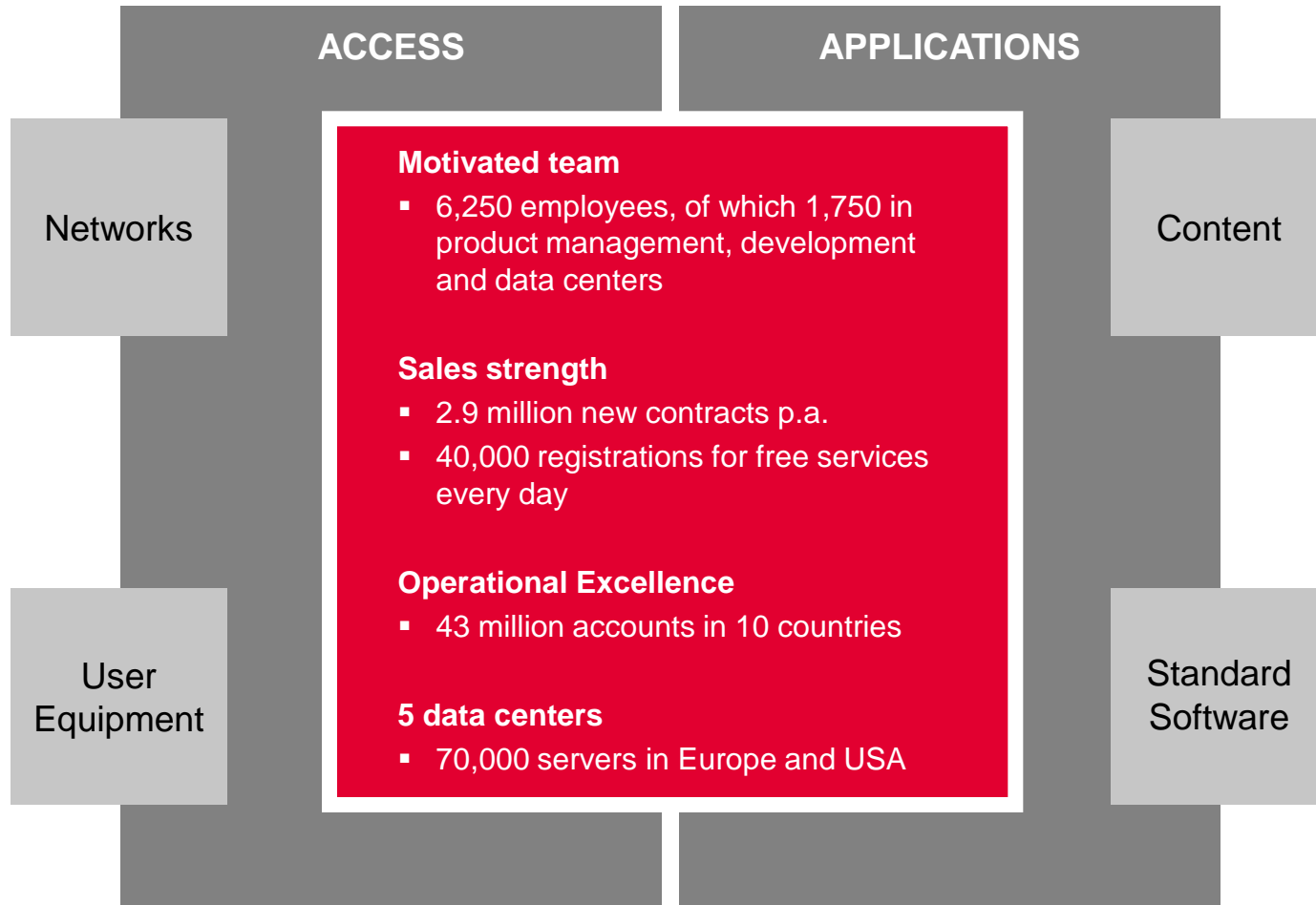


**Sales**  
(in € million)



\* 2007 Sale of twenty4help (Sales 2006: €93.4 million)  
2009 Sale of AdLINK Media (Sales 2008: €79.1 million)

## ■ United Internet today



**Company  
development  
2012**



## ■ Highlights 2012

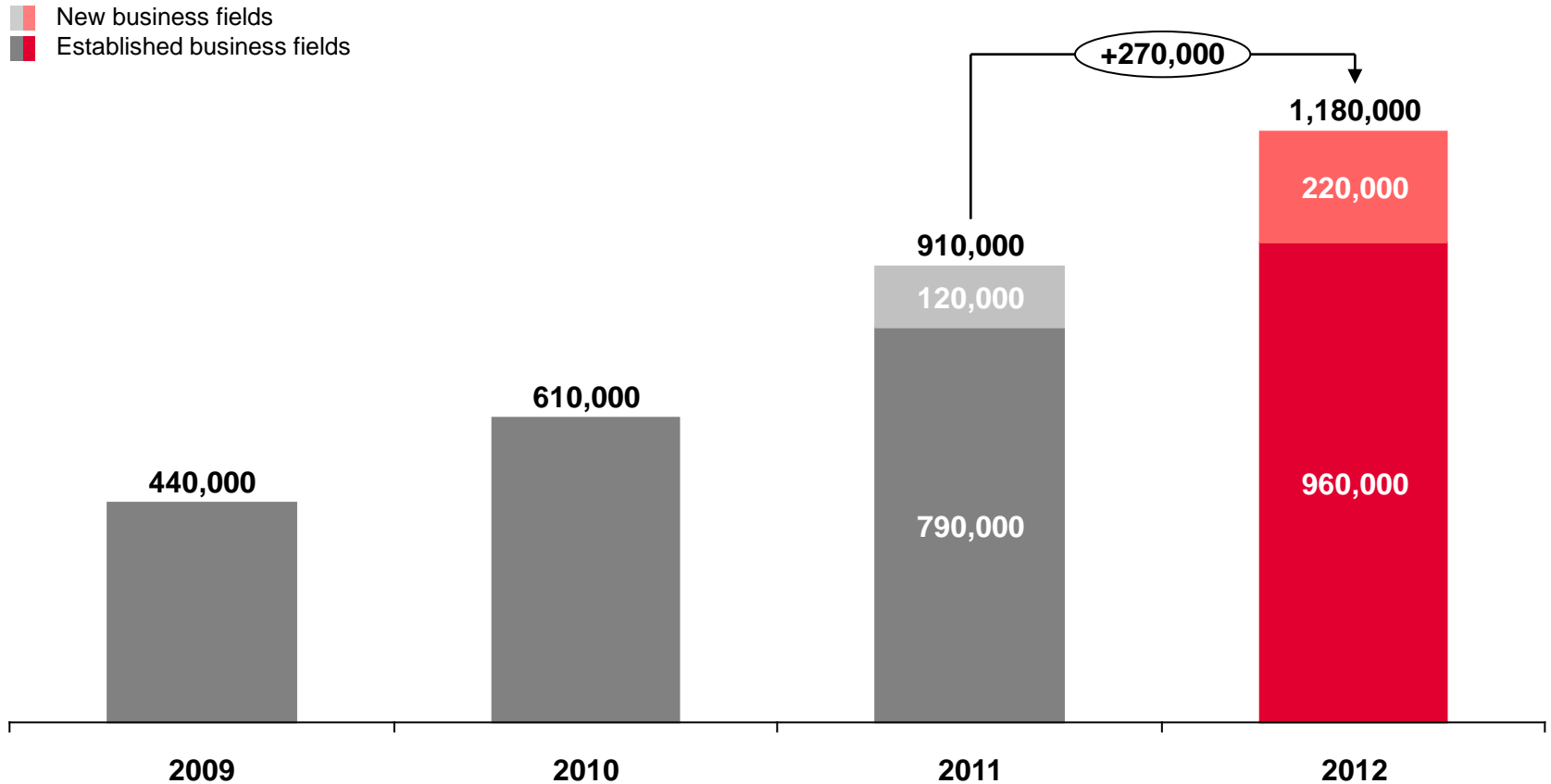
- Record customer growth: +1.18 million contracts to total of 11.85 million
- Financial figures

	2011	2012	+ / - on 2011
Sales	€ 2.094 billion	€ 2.397 billion	+ 14.4%
EBITDA from established business fields*	€ 384.5 million	€ 450.0 million	+ 17.0%
Start-up losses new business fields	- € 42.7 million	- € 124.1 million	+ 190.6 %
EBITDA from operating business*	= € 341.8 million	= € 325.9 million	- 4.7 %
EBIT from established business fields*	€ 296.7 million	€ 359.2 million	+ 21.1%
Start-up losses new business fields	- € 43.7 million	- € 126.5 million	+ 189.5%
EBIT from operating business*	= € 253.0 million	= € 232.7 million	- 8.0%
EBIT incl. Sedo impairments*		€ 186.4 million	
Free cash flow*	€ 196.8 million	€ 214.3 million	+ 8.9%
EPS	€ 0.79	€ 0.56	

\* Without positive effects from sale of shares in Versatel (2011) and freenet (2012)

- Dividend proposal for fiscal year 2012: € 0.30 per share

## ■ Strong organic growth in customer contracts

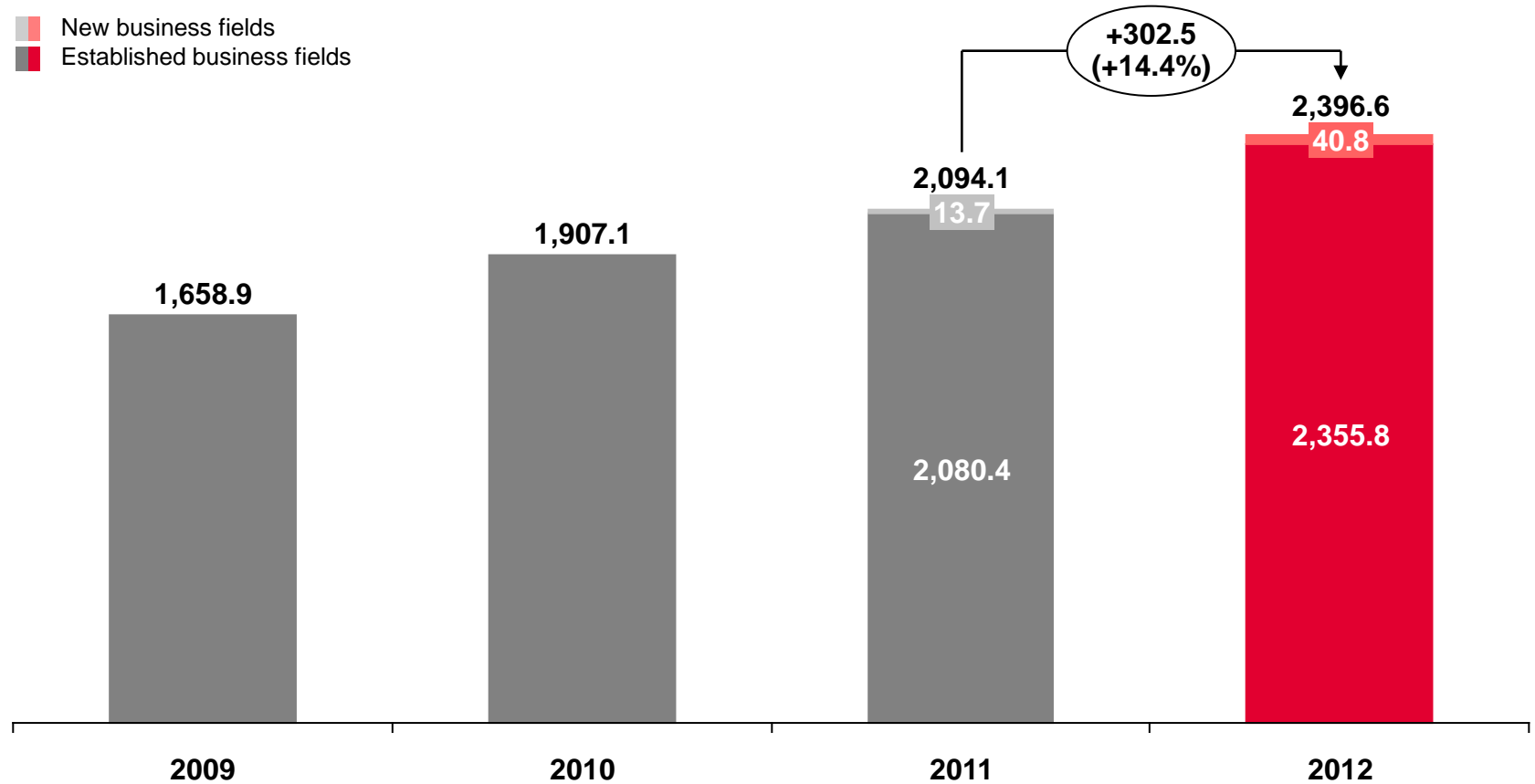


- + 1.18 million new contracts in 2012, to a total of 11.85 million customer contracts
- Broader basis for future corporate development

## ■ Dynamic sales growth

in € million

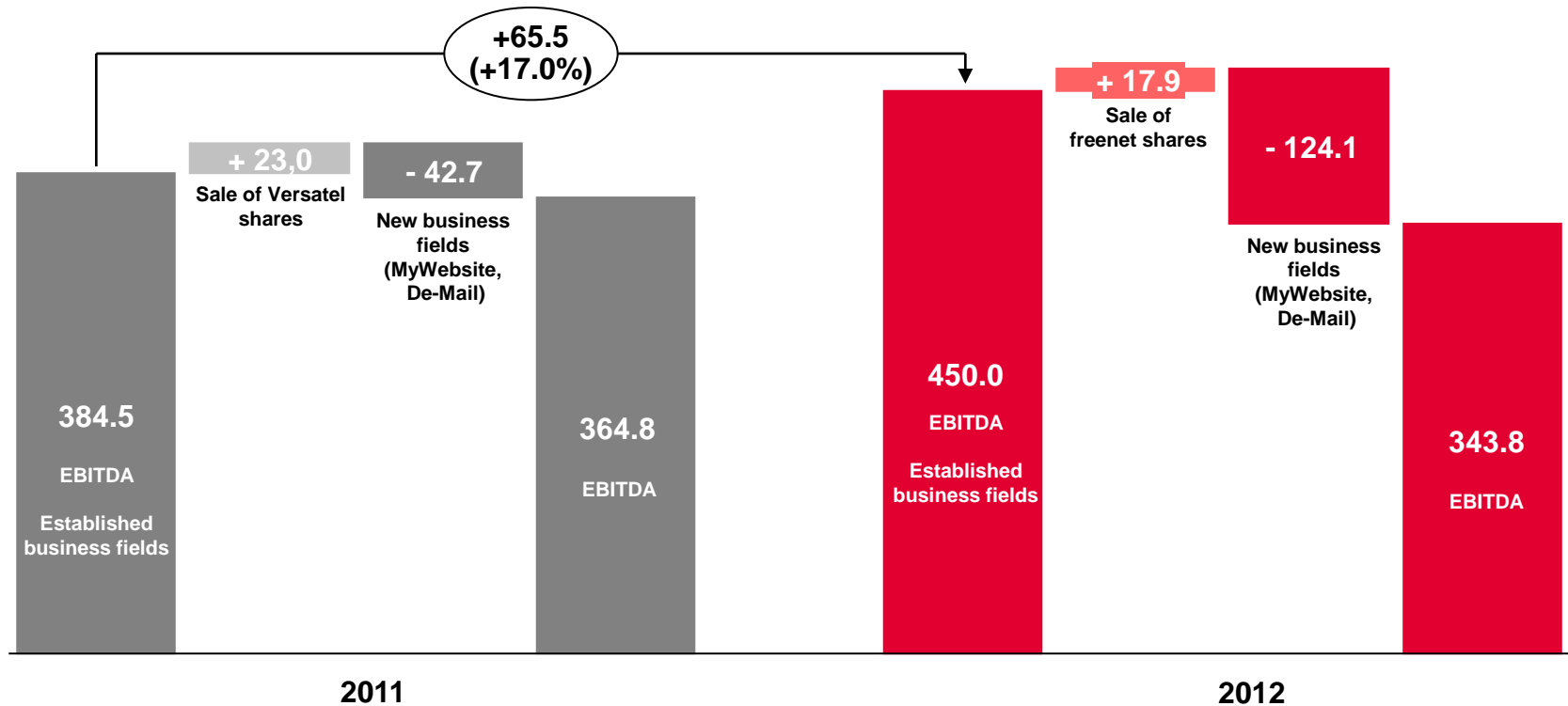
■ New business fields  
■ Established business fields



- 14.4% sales growth in 2012
- € 40.8 million of sales from new business fields (prior year: € 13.7 million)

## ■ Strong EBITDA performance in established business fields enables heavy investment in new business fields

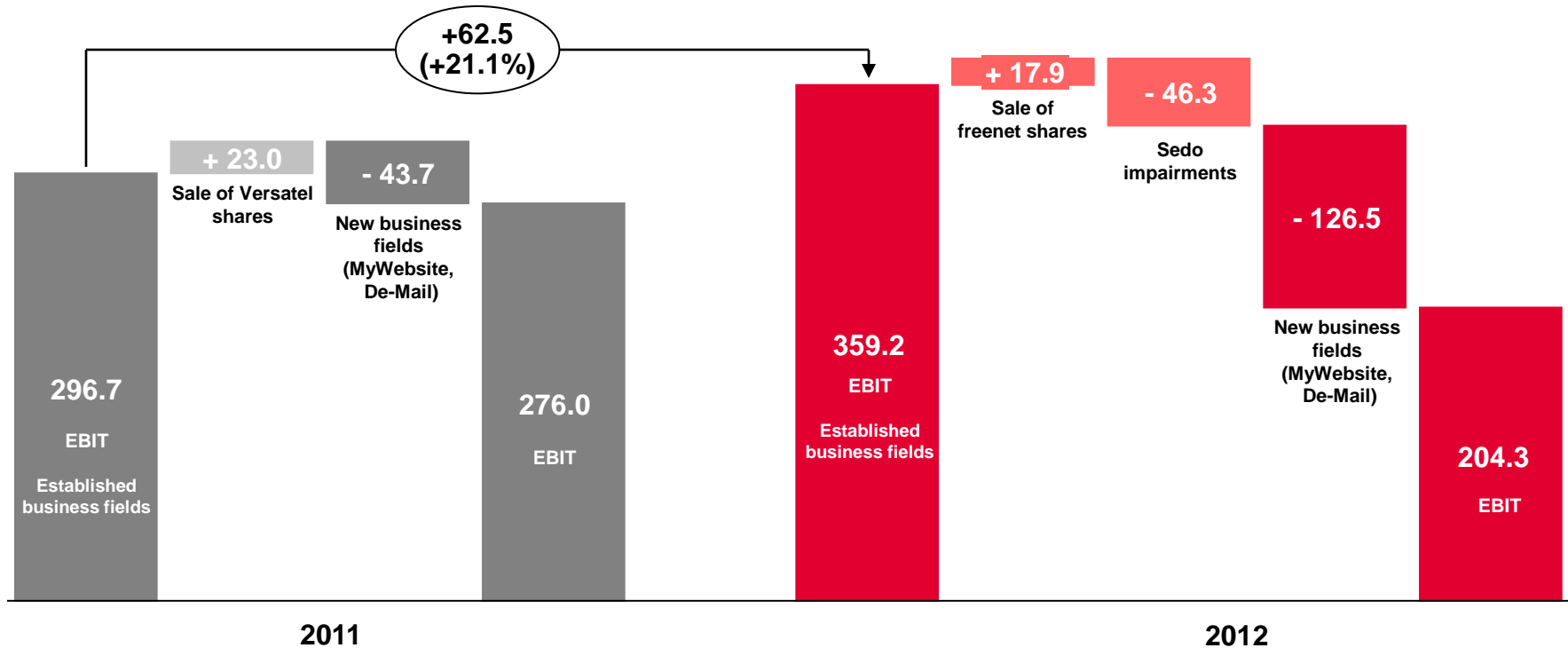
(EBITDA acc. to IFRS in € million)



- 17.0% EBITDA growth in established business fields
- € 124.1 million EBITDA-effective start-up losses in new business fields

## EBIT with extraordinary burden from Sedo impairment

(EBIT acc. to IFRS in € million)



- 21.1% EBIT growth in established business fields
- € 126.5 million EBIT-effective start-up losses in new business fields
- € 46.3 million non-cash-effective impairment of Sedo goodwill

**Segment  
results**

## ■ “Access” in fiscal year 2012

### ACCESS

DSL

Mobile  
Internet

### APPLICATIONS

Consumer  
Applications

Business  
Applications

## ■ Access: establishment as one-stop supplier

- Largest German alternative broadband supplier with 3.31 million contracts
- 1.35 million contract customers for mobile internet

**1&1 DSL**  
TELEFON UND  
INTERNET  
**50.000** kBit/s

**1&1 ALL-NET-FLAT**

- ✓ **FLAT** FESTNETZ
- ✓ **FLAT** ALLE HANDY-NETZE
- ✓ **FLAT** INTERNET

D-NETZ

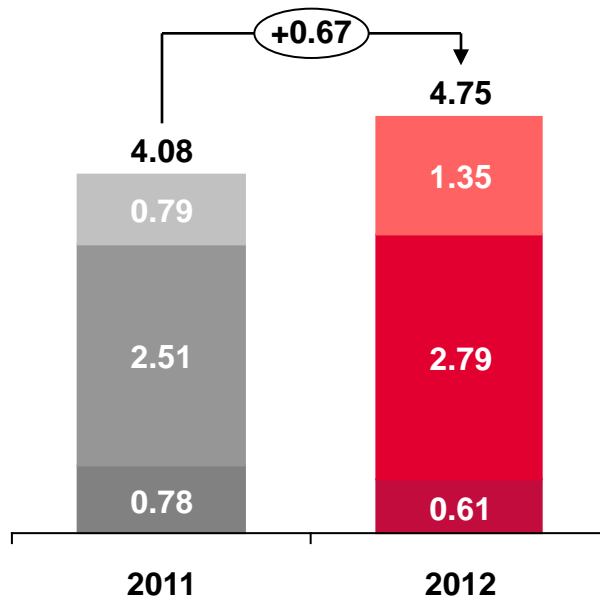


# Access: Strong growth in customer contracts and sales

## Customer contracts

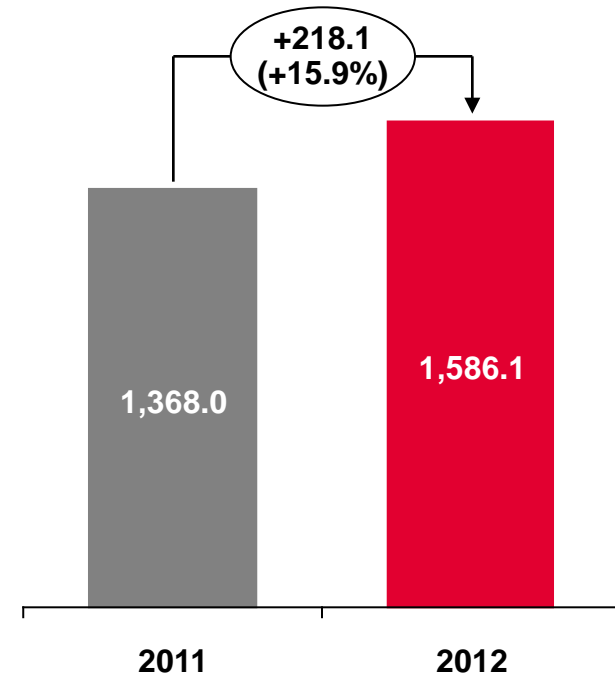
(in million)

- Mobile Internet
- Complete packages (ULL)
- T-DSL / R-DSL (incl. 90,000 narrowband)



## Sales

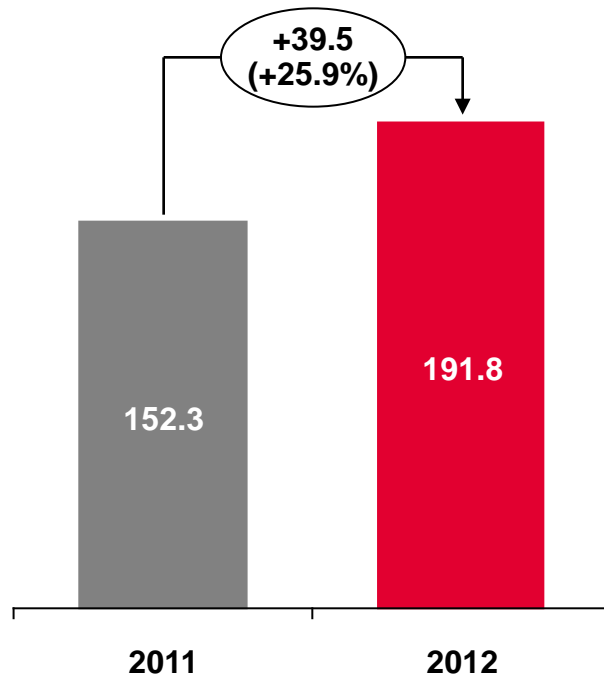
(acc. to IFRS in € million)



## ■ Access: Strongly improved earnings

### EBITDA

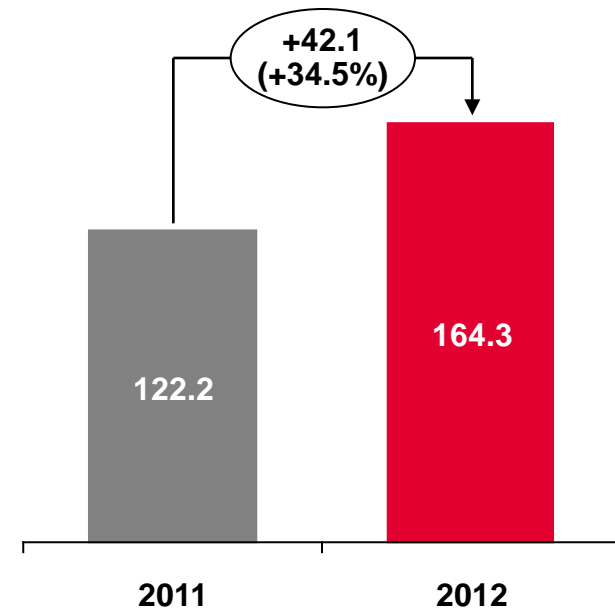
(acc. to IFRS in € million)



- EBITDA margin improved from 11.1% to 12.1%

### EBIT

(acc. to IFRS in € million)



- EBIT margin improved from 8.9% to 10.4%

## ■ “Applications” in fiscal year 2012

### ACCESS

DSL

Mobile  
Internet

### APPLICATIONS

Consumer  
Applications

Business  
Applications

# ■ Consumer Applications: from e-mail service to command center for communication, information and identity management

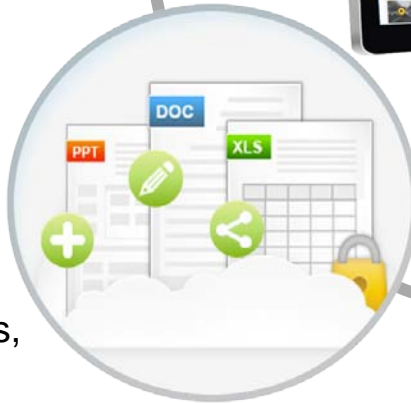
**Communication and organization**  
e-mail, calendar, contacts, SMS, fax



**De-Mail**  
legally secure communication and identity management



**Online office**  
texts, spreadsheets, presentations



**Online storage**  
for photos, videos, music and documents

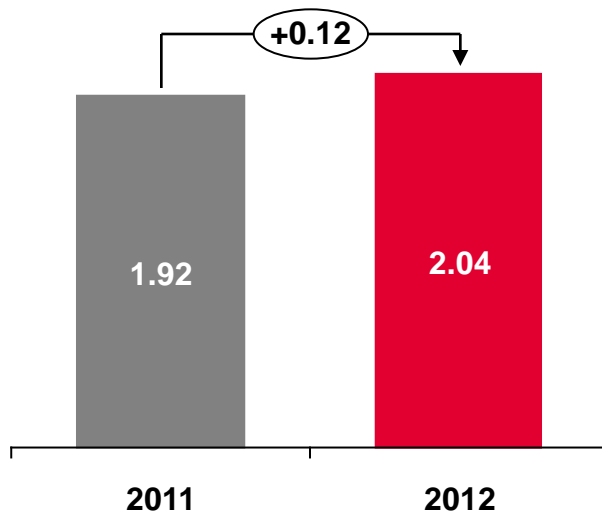


# Business Applications: from webhoster to e-business solutions provider



## ■ Applications: Good contract growth

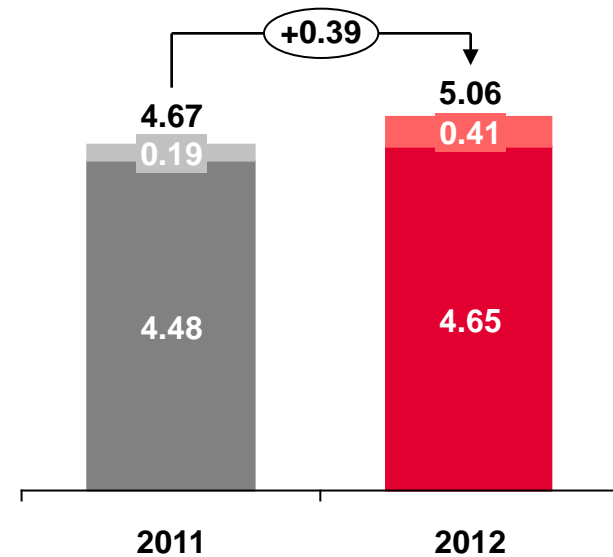
### Consumer Applications (contracts in million)



- Additional 31.8 million free accounts (+ 3.2%)  
Thereof
  - 7.2 million mobile users per month(+ 81%)
  - 12.4 million cloud storages (+ 24%)

### Business Applications (contracts in million)

■ 1&1 MyWebsite (DIY)  
■ Business Applications

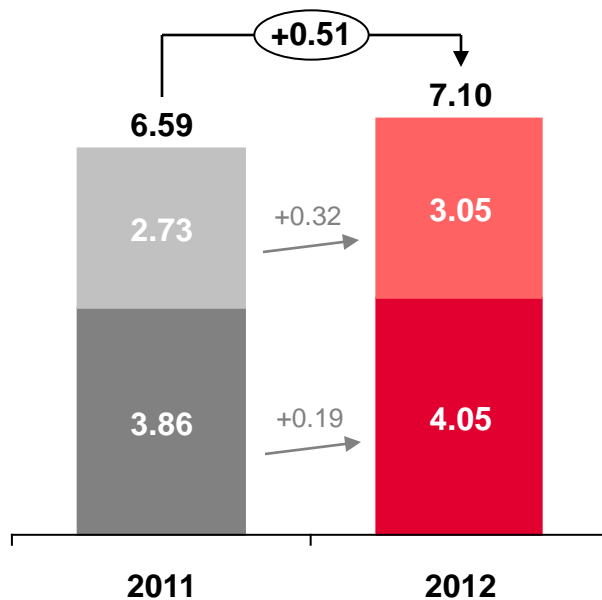


# ■ Applications: growing internationalization and significant sales growth

## Customer contracts

(in million)

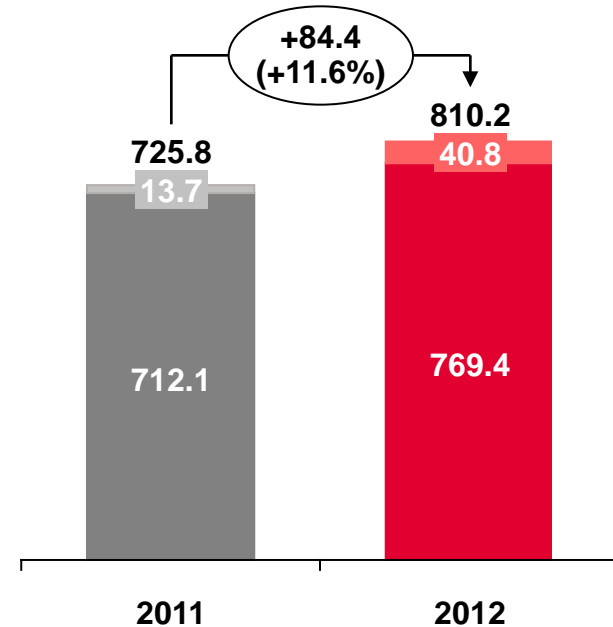
Foreign  
Domestic



## Sales

(acc. to IFRS in € million)

New business fields  
Established business fields

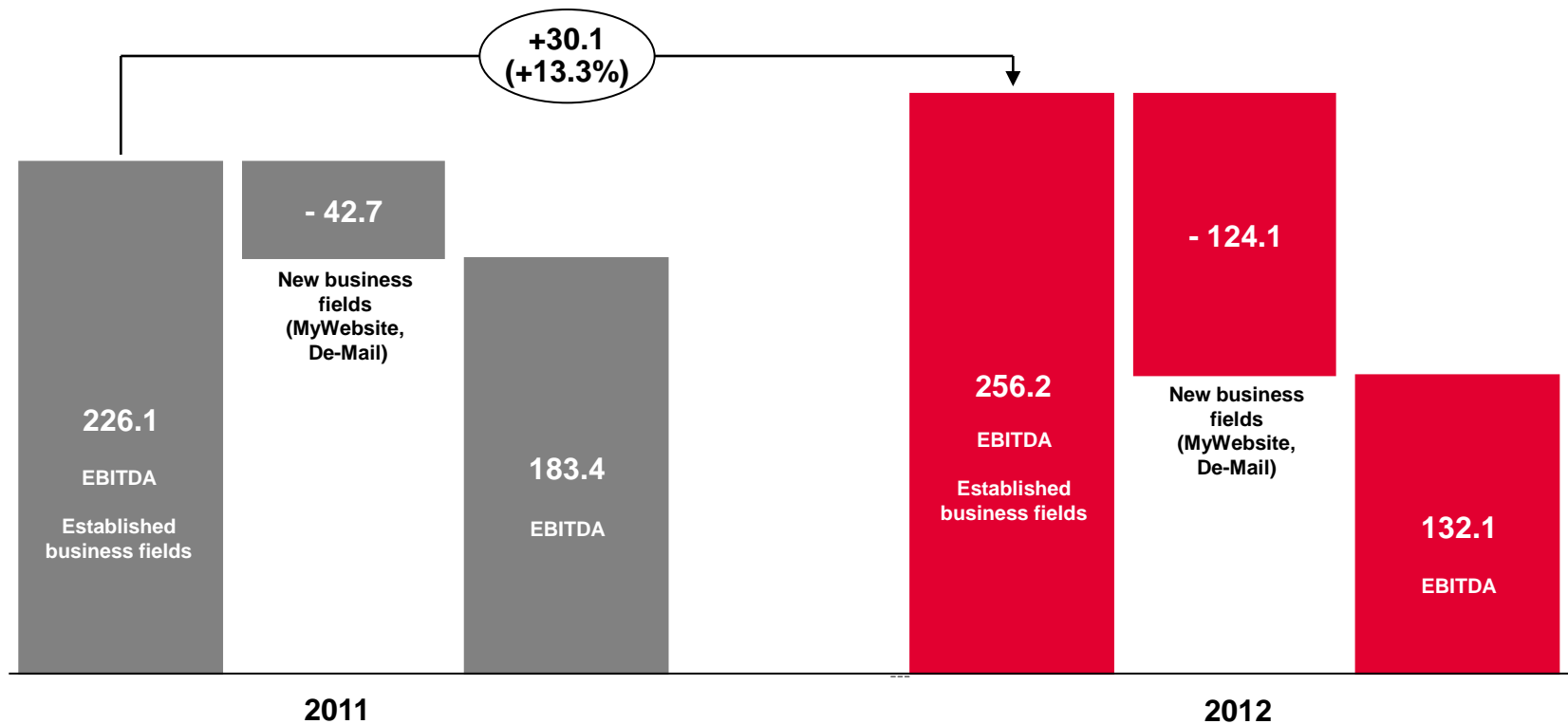






## ■ Good EBITDA development in established Applications business fields, heavy investment in new business fields

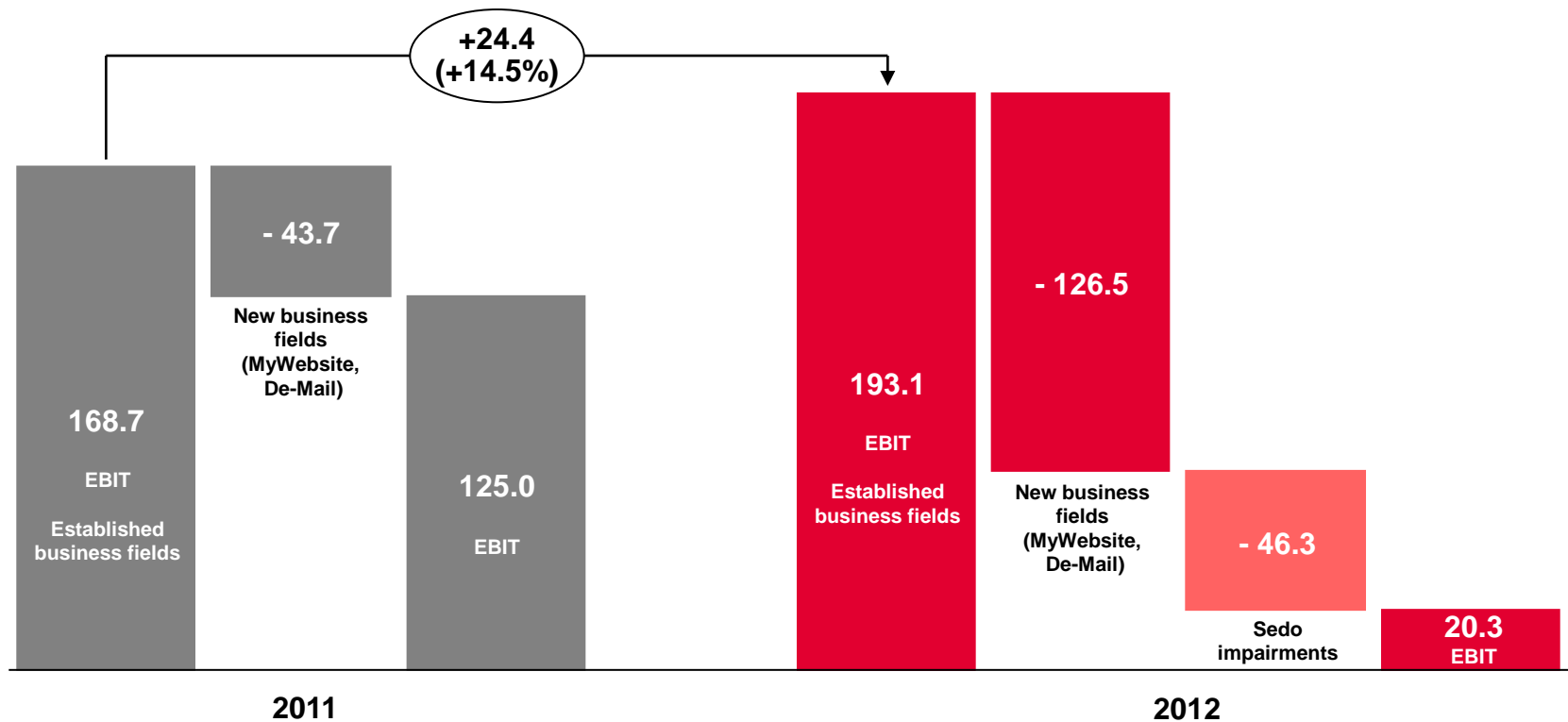
(EBITDA acc. to IFRS in € million)



- 13.3% EBITDA growth in established business fields
- € 124.1 million EBITDA-effective start-up losses in new business fields

## ■ Applications: EBIT burdened by extraordinary impairments

(EBIT acc. to IFRS in € million)

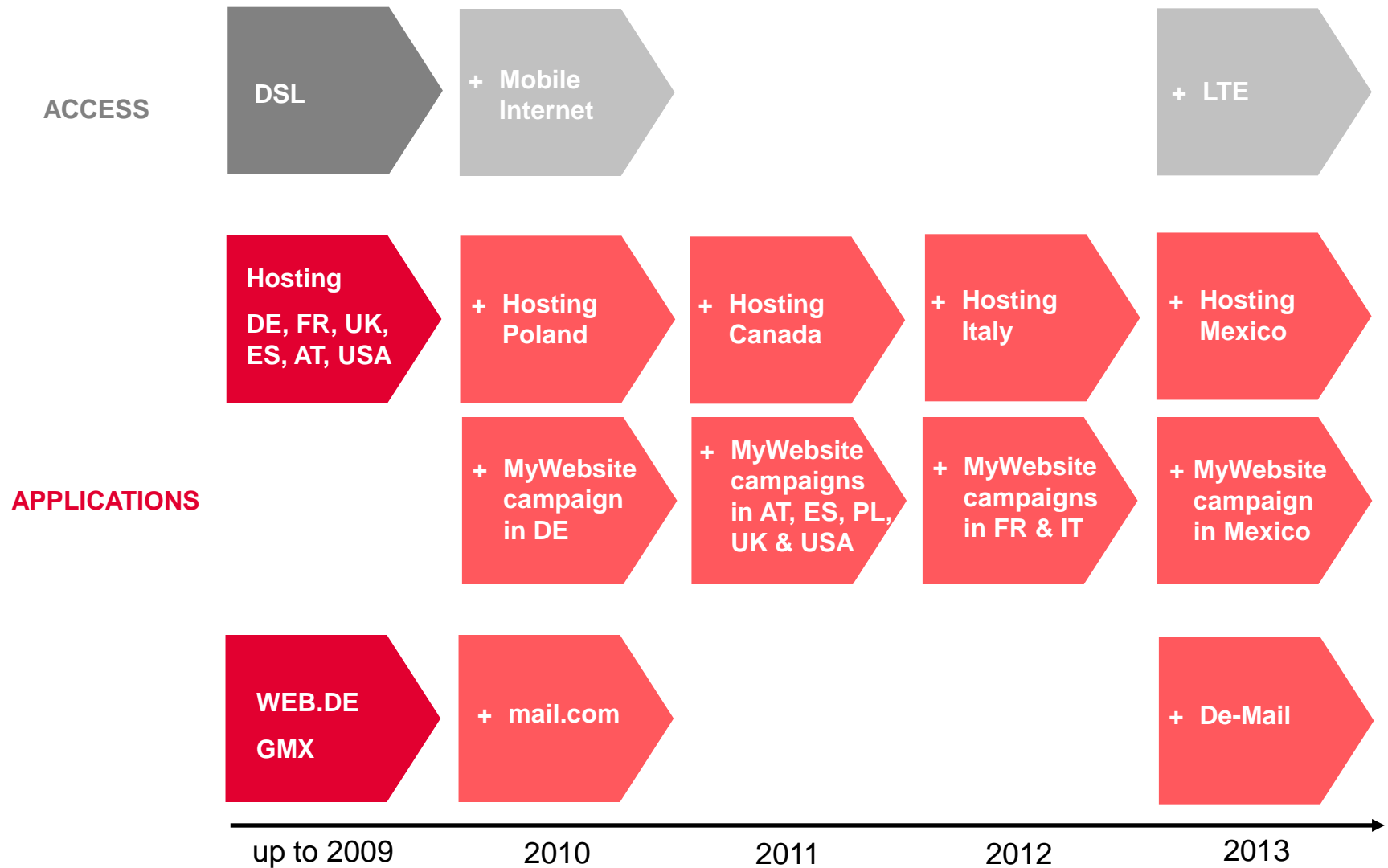


- 14.5% EBIT growth in established business fields
- € 126.5 million EBIT-effective start-up losses in new business fields
- € 46.3 million non-cash-effective impairment of Sedo goodwill

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**Outlook  
2013**

# 2013: Roadmap



# ■ 2013: Heavy investment in new business fields

## De-Mail

- Higher start-up losses, especially for TV advertising and user authentication, totaling approx. € 25 million (prior year: € 14.5 million)
- Target: 500,000 fully registered users until the end of the year



## 1&1 MyWebsite

- Reduced start-up losses for internationalization of approx. € 75 million (prior year: € 112.0 million)
- Target: approx. 600,000 contracts until the end of the year



## ■ 2013: Forecast

### **Further customer growth**

- Approx. 1 million new contracts
- Approx. 10% growth in sales

### **Profit growth and investment**

- Approx. € 500 million EBITDA in our established business
- Thereof, we will use approx. 20% (approx. € 100 million) to finance the planned start-up losses in De-Mail and the internationalization of the 1&1 MyWebsite

### **EPS forecast confirmed**

- Earnings per share expected to be between € 1.00 and € 1.10

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**Results  
2012**

## ■ Consolidated sales and earnings performance

(acc. to IFRS in € million)

	2011	2012	Erläuterungen
Sales	2,094.1	2,396.6	■ + 14.4 %
EBITDA established business fields*	384.5	450.0	■ + 17.0 %
Expenditure for new business fields (OPEX)	42.7	124.1	
EBITDA*	341.8	325.9	■ – 4.7 %
EBIT established business fields*	296.7	359.2	■ + 21.1 %
Expenditure for new business fields (OPEX)	43.7	126.5	
EBIT*	253.0	232.7	■ – 8.0 %
EBIT effect from sale of Versatel shares (2011)	+ 23.0		
EBIT effect from Sedo impairments (2012)		– 46.3	
EBIT effect from sale of freenet shares (2012)		+ 17.9	
EBIT	276.0	204.3	■ – 26.0 %
EBT	250.6	193.0	■ – 23.0 %
EPS	0.79	0.56	■ – 29.1 %

\* 2011: without sale of Versatel shares; 2012: without Sedo impairments and sale of freenet shares



## ■ Reconciliation EPS

(acc. to IFRS in €)

	2011	2012	Comments
<b>EPS</b>	<b>0.79</b>	<b>0.56</b>	■ – 29.1 %
Expenditure from new business fields (OPEX)	+ 0.14	+ 0.45	
Sedo impairments		+ 0.24	
Versatel effect	– 0.07		
freenet effect		– 0.09	
<b>EPS established business fields</b>	<b>0.86</b>	<b>1.16</b>	■ + 34.9 %

## ■ Consolidated balance sheet as of December 31, 2012 (I)

(acc. to IFRS in €k)

<b>Assets</b>	<b>31.12.2011</b>	<b>31.12.2012</b>	<b>Comments:</b>
Property, plant and equipment / intangible assets	298,299	261,014	<ul style="list-style-type: none"> <li>▪ € 63.6m additions compared to € 93.2m amortization and depreciation</li> </ul>
Goodwill	401,295	356,248	<ul style="list-style-type: none"> <li>▪ € 46.3m Sedo impairments</li> </ul>
Financial assets	136,153	161,014	<ul style="list-style-type: none"> <li>▪ Stock exchange values of Goldbach, Hi-media and 47 other investments – directly or via EFF fund</li> </ul>
Accounts receivable	106,702	148,766	
Inventories, prepaid expenses and other assets	179,695	137,838	<ul style="list-style-type: none"> <li>▪ Prepaid expenses: € 45.2m; inventories: € 25.7m; deferred taxes: € 43.0m</li> </ul>
Cash and cash equivalents	64,867	42,828	
<b>Total</b>	<b>1,187,011</b>	<b>1,107,708</b>	

## ■ Consolidated balance sheet as of December 31, 2012 (II)

(acc. to IFRS in €k)

Liabilities and equity	31.12.2011	31.12.2012	Comments:
Equity	154,753	198,143	▪ Equity ratio: 17.9% (prior year 13.0%) ; treasury shares: € 263.6m
Liabilities due to banks	524,593	300,276	▪ Decrease in bank liabilities (net) of € 202.2m to € 257.5m
Trade accounts payable	228,981	268,668	
Accrued taxes and other accrued liabilities	33,050	59,026	
Other liabilities	106,845	115,565	▪ Thereof non-current: € 23.2m
Deferred revenue	138,789	166,030	
<b>Total</b>	<b>1,187,011</b>	<b>1,107,708</b>	

## ■ Consolidated cash flow as of December 31, 2012

(acc. to IFRS in €k)

	2011	2012	Comments:
Operative cash flow	211,850	214,087	<ul style="list-style-type: none"> <li>Stable despite € 126.5m (prior year: € 43.7m) start-up losses in new business fields</li> </ul>
Cash flow from operating activities	194,849	260,528	<ul style="list-style-type: none"> <li>Increase despite strong expansion of business</li> </ul>
Cash flow from investing activities	1,959	1,850	<ul style="list-style-type: none"> <li>€ 63.6m (prior year: € 54.4 million) capex</li> <li>€ 48.1m sale of freenet shares</li> </ul>
Free cash flow	196,808	262,378	
<b>Free cash flow</b> (without sales proceeds freenet shares)	<b>196,808</b>	<b>214,317</b>	

**Our success story  
continues!**